news
Dec 28 1979
Dun & Bradstreet
Business Economics Division
99 CHURCH STREET NEW YORK, N.Y. 10007
(212) 285-7447

FOR RELEASE
Dec. 22, 1979
Monthly
Failures
K-21 No. 6

C 3150-2

FAILURES LIABILITIES MOUNT TO EIGHT-MONTH HIGH DESPITE DECLINE IN NUMBER

NEW YORK, Dec. 21 - - Fewer businesses failed in June but the dollar liabilities involved rose sharply, according to Dun & Bradstreet. Casualties slackened 15 per cent to 602, the smallesr number in four months, from 708 in May. In contrast, their liabilities climbed 36 per cent to $273.1 million, the largest volume in eight months, from $200.4 million a month earlier.

In both number and size , failures continued to run above the previous year, Some 16 per cent more concerns went under than the 519 in June 1978 and liabilities surged over 52 per cent above the $200.4 million a year earlier. Much of the lift came from larger million dollar bankruptcies.

Among service enterprises, casualties slackened by more than one-third from the preceding month, while the toll among retailers and wholesalers eased 12 to 18 per cent. Much of the slowing centered in business services, the retail automotive group, restaurants, and machinery wholesaling. On the other hand, the number of manufacturers failing held steady in June, and a similar situation prevailed among general builders and heavy construction contractors.

In all functions except service, failures continued to run higher than a year earlier, with the steepest jump, 30 per cent, in manufacturing. The machinery and food products industries felt the brunt of this rise. Retailing had the second strongest increase, 18 per cent, from June 1978, with the furniture store total up most.

Six out of nine geographic regions showed an easing in failures between May and June. A relatively even pace was held in the Middle Atlantic, New England and West North Central States. Compared with June '78 levels, however, an uptrend persisted in all except two areas, the Middle Atlantic and Mountain. In the South Atlantic States, business casualties almost doubled, boosted by Virginia, North Carolina and Georgia.

# # #

INDUSTRY AND TRADE	NUMBER OF FAILURES				LIABILITIES (In Thousands of Dollars)			
	JUNE		SIX MONTHS		JUNE		SIX MONTHS	
	1979	1978	1979	1978	1979	1978	1979	1978
MINING & MANUFACTURING:								
Mining-Coal, Oil, Miscellaneous	6	2	12	18	6,645	10,471	26,476	132,983
Food & Kindred Products	4	3	29	37	11,675	1,947	27,434	28,409
Textile Mill Products & Apparel	9	9	12	78	3,845	5,259	62,171	59,960
Lumber & Lumber Products	12	13	69	68	16,357	6,695	41,199	79,385
Paper, Printing & Publishing	16	15	90	73	2,821	18,564	19,141	29,458
Chemicals & Allied Products	2	3	19	15	501	65	12,824	15,721
Leather & Leather Products	--	2	4	8	--	2,152	8,898	19,958
Stone, Clay & Glass Products	1	1	14	15	103	50	14,901	1,865
Metals, Primary & Fabricated	5	6	45	42	9,141	7,099	27,304	27,142
Machinery	15	6	95	62	9,716	9,000	91,691	95,949
Transportation Equipment	5	2	25	17	13,066	294	34,587	8,178
Miscellaneous	11	9	94	76	1,900	576	33,056	69,485
TOTAL MINING & MANUFACTURING	91	70	578	509	75,340	55,154	398,560	569,093
WHOLESALE TRADE:								
Food & Farm Products	13	8	82	67	3,415	5,176	39,310	26,440
Apparel	2	1	16	15	518	114	3,176	4,134
Dry Goods	2	2	9	12	6,713	346	11,901	5,254
Lumber, Bldg. Materials & Hardware	10	5	44	33	1,147	311	9,559	16,485
Chemicals & Drugs	4	2	15	19	380	231	10,721	24,558
Motor Vehicles & Auto Equipment	2	6	34	29	769	769	7,095	4,142
Electrical Goods	6	3	33	35	347	4,179	11,591	10,959
Furniture & Furnishings	2	6	19	25	2,137	2,035	7,519	7,605
Machinery, Equipment & Supplies	13	3	49	65	2,037	2,805	20,623	13,618
Miscellaneous	13	11	121	104	5,219	9,058	45,717	39,461
TOTAL WHOLESALE TRADE	67	60	462	402	22,660	25,024	166,812	152,636
RETAIL TRADE:								
Food & Liquor	36	29	188	150	85,185	10,141	108,416	24,428
General Merchandise	7	6	35	54	765	4,655	10,495	26,239
Apparel Accessories	34	32	232	228	3,107	7,716	24,531	20,815
Furniture & Home Furnishings	43	26	255	128	11,103	5,913	45,975	23,708
Lumber, Bldg. Materials & Hardware	14	16	68	76	5,245	1,516	21,765	12,326
Automotive Group	51	29	264	205	4,947	2,506	59,629	51,927
Eating & Drinking Places	48	51	334	277	8,840	6,156	42,520	37,509
Drug Stores	5	4	30	36	663	519	4,548	8,886
Miscellaneous	42	30	300	274	6,372	5,986	57,368	25,019
TOTAL RETAIL TRADE	284	228	1,736	1,500	122,745	55,947	375,062	210,855
CONSTRUCTION:								
General Building Contractors	54	37	326	257	11,150	10,508	72,411	58,011
Building Sub-Contractors	55	32	369	310	9,676	10,927	60,008	48,955
Other Contractors	6	5	35	27	3,702	900	21,970	7,410
TOTAL CONSTRUCTION	115	99	730	594	24,794	21,155	154,389	114,376
COMMERCIAL SERVICE:								
Passenger & Freight Transportation	16	21	127	134	15,644	37,470	85,090	75,993
Miscellaneous	1	2	9	6	2,945	954	4,071	1,776
Hotels	4	3	31	13	4,776	1,628	10,165	16,084
Cleaning, Dyeing & Repairing	2	5	16	14	14	376	1,165	1,989
Laundries	1	1	4	4	35	25	242	540
Funeral Services	2	--	4	2	128	--	197	298
Other Personal Services	6	4	41	27	246	167	5,178	2,412
Business Services	24	23	147	161	5,591	2,217	65,856	86,665
Repair Services	6	3	59	50	231	54	4,167	7,147
TOTAL COMMERCIAL SERVICE	62	62	438	420	27,610	42,881	170,151	645,000
TOTAL UNITED STATES	602	519	3,963	3,425	273,171	176,459	1,263,454	1,239,958

APPARENT ANNUAL NUMBER OF FAILURES PER 10,000 Listed Enterprises

	UNADJUSTED INDEX			ADJUSTED INDEX		
	1979	1978	1977	1979	1978	1977
January	27.7	21.8	28.7	27.4	21.6	28.4
February	27.6	27.4	34.0	24.4	24.0	29.6R
March	30.1	26.3	34.6	27.7	24.6	32.3
April	32.7	25.3	33.6R	30.8	24.1	31.7R
May	30.3	24.3	34.4	29.1	23.4	30.2
June	25.9	21.7	30.5	26.2	21.9	30.8
July		20.2	22.2		22.0	24.1
August		27.4	27.6		29.8	29.7
September		20.3	24.3		22.6	27.0
October		21.8	23.7		22.5	24.2
November		20.0	28.1		25.2	27.0
December		24.4	22.5R		26.4	24.7R
Mo. Average		23.9	28.4			

DUN'S FAILURE INDEX RELATES THE NUMBER OF FAILURES IN EACH MONTH TO THE NUMBER OF INDUSTRIAL AND COMMERCIAL ENTERPRISES LISTED IN THE DUN & BRADSTREET REFERENCE BOOK. IT SHOWS THE ANNUAL RATE AT WHICH BUSINESS CONCERNS WOULD FAIL IF THE NUMBER OF FAILURES AND CONCERNS LISTED IN THAT MONTH PREVAILED FOR AN ENTIRE YEAR. THE INDEX IS EXPRESSED AS THE ANNUAL NUMBER OF FAILURES PER 10,000 LISTED INDUSTRIAL AND COMMERCIAL ENTERPRISES.

THE "UNADJUSTED" FIGURES HAVE BEEN SLIGHTLY ADJUSTED TO EQUALIZE, IN SO FAR AS POSSIBLE, THE NUMBER OF WORKING DAYS IN EACH MONTH. SEASONAL FLUCTUATIONS HAVE BEEN REMOVED IN THE ADJUSTED INDEX BY THE METHOD OF DEVIATIONS FROM A TWELVE-MONTH MOVING AVERAGE.

	NUMBER OF FAILURES			LIABILITIES (In Thousands of Dollars)		
	1979	1978	1977	1979	1978	1977
January	642	504	664	182,220	168,508	188,539
February	545	559	693	177,087	205,014	194,197
March	752	666	858	187,763	324,412	248,196
April	734	594	804	242,764	202,990	207,272
May	708	583	724	200,449	160,395	473,866
June	602	519	732	273,171	178,859	305,860
July		459	513		231,821	577,825
August		675	687		206,595	58,252
September		454	560		127,022	96,994
October		511	546		475,342R	115,692
November		556	621		178,933	200,287
December		539	517		196,539	168,317
Total		6,619	7,919		2,656,006R	3,099,317

R BUSINESS FAILURES INCLUDE THOSE BUSINESSES THAT CEASED OPERATIONS FOLLOWING ASSIGNMENT, OR BANKRUPTCY; CEASED WITH LOSS TO CREDITORS AFTER SUCH ACTIONS AS EXECUTION, FORECLOSURE, OR ATTACHMENT; VOLUNTARILY WITHDREW LEAVING UNPAID OBLIGATIONS; WERE INVOLVED IN COURT ACTIONS SUCH AS RECEIVERSHIP, REORGANIZATION, OR ARRANGEMENT; OR VOLUNTARILY COMPROMISED WITH CREDITORS UNDER COURT.

LIABILITIES, AS USED IN THE FAILURE RECORD, HAVE A SPECIAL MEANING: THEY INCLUDE ALL ACCOUNTS AND NOTES PAYABLE AND ALL OBLIGATIONS, WHETHER IN SECURED FORM OR NOT, KNOWN TO BE HELD BY BANKS, OFFICERS, AFFILIATED COMPANIES, SUPPLYING COMPANIES, OR THE GOVERNMENT. THEY DO NOT INCLUDE LONG-TERM, PUBLICLY-HELD OBLIGATIONS. OFFSETTING ASSETS ARE NOT TAKEN INTO ACCOUNT.

UNITED STATES FAILURES BY STATES - JUNE 1979

NUMBER OF FAILURES

LIABILITIES
(In Thousands of Dollars)

REGIONS AND STATES	NUMBER OF FAILURES				LIABILITIES			
	JUNE		SIX MONTHS		JUNE		SIX MONTHS	
	1979	1978	1979	1978	1979	1978	1979	1978
MAINE	1	--	24	19	601	--	2,488	5,025
NEW HAMPSHIRE	1	2	10	13	660	2,077	5,021	3,158
VERMONT	--	2	3	6	--	219	71	745
MASSACHUSETTS	23	25	111	157	9,990	3,001	40,110	56,697
CONNECTICUT	15	4	55	32	5,706	295	8,342	2,565
RHODE ISLAND	--	--	2	8	--	--	678	1,909
TOTAL NEW ENGLAND	47	33	205	236	15,957	6,460	56,910	69,007
NEW YORK	30	49	277	333	5,406	40,692	115,796	204,887
NEW JERSEY	40	30	195	224	22,854	12,554	66,420	87,294
PENNSYLVANIA	30	26	195	174	9,339	9,955	35,699	93,451
TOTAL MIDDLE ATLANTIC	100	112	667	731	37,599	63,141	299,105	475,612
OHIO	27	22	161	155	7,963	5,206	42,007	19,666
INDIANA	25	10	80	75	6,745	5,615	27,922	16,076
ILLINOIS	17	22	201	206	1,954	5,036	49,651	75,729
MICHIGAN	32	21	240	152	4,966	8,722	75,254	32,142
WISCONSIN	14	11	63	56	1,802	1,231	8,134	1,464
TOTAL EAST NORTH CENTRAL	115	86	764	624	23,520	26,929	199,068	150,097
MINNESOTA	22	15	115	98	5,196	1,064	25,550	9,690
IOWA	7	9	42	29	1,054	766	6,467	5,000
MISSOURI	--	7	55	50	--	529	4,516	5,514
NORTH DAKOTA	2	4	13	13	1,169	745	5,992	2,044
SOUTH DAKOTA	3	--	16	15	384	--	5,753	7,520
NEBRASKA	6	2	33	32	1,410	451	4,440	31,053
KANSAS	4	7	51	52	2,606	1,230	8,256	5,954
TOTAL WEST NORTH CENTRAL	44	41	305	249	11,799	4,899	50,744	104,555
MARYLAND	16	5	57	44	850	625	11,205	4,318
DELAWARE	--	1	--	1	--	200	1,109	200
DISTRICT OF COLUMBIA	--	--	--	--	--	--	1,571	--
VIRGINIA	10	5	49	36	2,454	232	12,695	4,517
WEST VIRGINIA	--	1	1	8	--	349	5,704	1,777
NORTH CAROLINA	1	--	14	7	1,320	--	12,007	1,556
SOUTH CAROLINA	--	2	5	5	--	504	12,042	920
GEORGIA	6	--	29	25	1,441	--	19,254	13,043
FLORIDA	2	13	99	100	6,254	8,369	25,052	19,954
TOTAL SOUTH ATLANTIC	49	25	249	224	10,267	5,279	101,521	49,587
KENTUCKY	1	1	5	1	2	1	1	1,700
TENNESSEE	12	8	59	59	643	1,102	12,655	14,341
ALABAMA	7	6	69	52	444	675	12,406	7,271
MISSISSIPPI	4	--	20	12	590	--	6,010	2,705
TOTAL EAST SOUTH CENTRAL	29	19	212	189	4,594	2,078	31,909	45,695
ARKANSAS	6	6	36	34	288	1,695	3,944	6,051
OKLAHOMA	8	15	75	100	2,241	5,856	17,410	19,695
LOUISIANA	26	12	73	52	17,912	14,059	52,041	56,466
TEXAS	40	33	289	186	83,981	31,551	186,679	75,968
TOTAL WEST SOUTH CENTRAL	80	66	473	370	104,422	51,941	240,074	156,181
MONTANA	2	3	20	16	128	272	3,822	1,508
IDAHO	1	2	9	11	27	335	1,105	1,163
WYOMING	--	--	2	2	--	--	1,626	144
COLORADO	10	11	61	22	7,589	2,136	17,313	2,861
NEW MEXICO	--	--	3	--	--	--	174	--
ARIZONA	--	4	14	29	--	303	773	6,425
UTAH	--	1	9	1	--	8	2,048	8
NEVADA	1	--	19	9	10	--	1,970	714
TOTAL MOUNTAIN	14	21	137	90	7,754	3,054	28,731	12,823
ALASKA	1	1	1	2	104	310	184	320
HAWAII	--	--	14	9	--	--	2,779	5,422
WASHINGTON	30	29	172	151	17,306	2,132	42,848	30,017
OREGON	19	8	55	41	25,081	507	36,674	8,434
CALIFORNIA	76	80	584	499	16,369	14,009	156,911	158,828
TOTAL PACIFIC	126	117	864	712	59,030	17,058	241,392	203,101
25 LARGEST CITIES								
NEW YORK, NEW YORK	24	37	212	265	5,069	38,571	104,968	268,503
CHICAGO, ILLINOIS	9	6	65	57	821	471	20,225	31,161
LOS ANGELES, CALIFORNIA	9	8	74	93	2,570	521	11,167	20,877
PHILADELPHIA, PENNSYLVANIA	--	7	57	55	--	752	25,204	25,828
DETROIT, MICHIGAN	5	2	31	20	574	190	6,702	5,755
HOUSTON, TEXAS	8	4	55	36	833	5,667	21,509	19,654
BALTIMORE, MARYLAND	8	1	31	24	455	390	6,219	2,043
DALLAS, TEXAS	5	8	45	44	2,400	20,900	32,267	32,078
WASHINGTON, D. C.	--	--	8	--	--	--	1,906	--
CLEVELAND, OHIO	5	2	16	12	3,030	589	4,235	1,173
INDIANAPOLIS, INDIANA	5	5	18	25	891	512	3,564	5,524
MILWAUKEE, WISCONSIN	1	1	9	12	78	43	969	1,615
SAN FRANCISCO, CALIFORNIA	2	4	25	21	271	596	12,953	4,600
SAN DIEGO, CALIFORNIA	1	--	5	--	28	--	863	--
SAN ANTONIO, TEXAS	3	--	17	--	913	--	4,026	--
BOSTON, MASSACHUSETTS	2	3	16	16	140	1,042	4,525	1,991
MEMPHIS, TENNESSEE	5	1	20	18	294	45	2,915	7,366
ST. LOUIS, MISSOURI	--	3	2	5	--	319	55	417
NEW ORLEANS, LOUISIANA	3	1	12	6	11,579	187	15,730	15,804
PHOENIX, ARIZONA	--	1	5	15	--	208	569	3,391
COLUMBUS, OHIO	2	3	9	13	83	395	4,096	3,229
SEATTLE, WASHINGTON	4	5	24	27	533	202	5,676	8,616
JACKSONVILLE, FLORIDA	--	--	--	--	--	--	--	--
PITTSBURGH, PENNSYLVANIA	1	2	11	12	125	535	16,086	2,113
DENVER, COLORADO	4	5	15	8	4,856	1,168	7,477	1,503
TOTAL 25 CITIES	106	107	732	752	35,162	72,143	311,528	511,219
BALANCE OF COUNTRY	496	412	3,231	2,673	238,009	106,296	951,926	728,739
TOTAL UNITED STATES	602	519	3,963	3,425	273,171	178,439	1,263,454	1,239,958

SIZE OF LIABILITIES (Thousands of Dollars)

SIZE OF LIABILITIES BY INDUSTRY GROUP	JUNE 1979			JUNE 1978			SIX MONTHS 1979			SIX MONTHS 1978		
	NUMBER	PER CENT	CURRENT LIAB.	NUMBER	PER CENT	CURRENT LIAB.	NUMBER	PER CENT	CURRENT LIAB.	NUMBER	PER CENT	CURRENT LIAB.
MINING & MANUFACTURING	91	100.0	75,340	70	100.0	55,154	579	100.0	969,560	509	100.0	569,095
Under $5,000	--	--	--	--	--	--	1	0.2	1	2	0.4	8
$5,000 to $25,000	9	9.9	85	9	12.9	139	57	9.8	597	44	8.6	710
$25,000 to $100,000	30	33.0	1,662	27	38.6	1,496	169	29.2	9,330	166	32.6	9,799
$100,000 to $1,000,000	40	43.9	11,645	26	37.1	8,150	295	49.5	85,249	256	46.0	72,155
$1,000,000 and Over	16	17.6	61,948	8	11.4	45,369	98	14.9	809,383	63	12.4	498,454
WHOLESALE TRADE	67	100.0	22,680	60	100.0	25,024	462	100.0	166,812	402	100.0	152,536
Under $5,000	1	1.5	1	--	--	--	4	0.9	11	--	--	--
$5,000 to $25,000	5	7.5	97	7	11.7	115	35	7.6	556	56	13.9	903
$25,000 to $100,000	24	35.8	1,562	18	30.0	741	147	31.8	8,251	147	36.6	9,494
$100,000 to $1,000,000	35	52.2	11,018	29	48.3	7,915	244	52.8	77,951	190	47.2	52,898
$1,000,000 and Over	2	3.0	10,212	6	10.0	16,053	32	6.9	80,063	31	7.7	90,751
RETAIL TRADE	269	100.0	122,743	228	100.0	55,947	1,755	100.0	575,062	1,500	100.0	210,855
Under $5,000	2	0.7	5	1	0.4	5	23	1.3	64	10	0.7	38
$5,000 to $25,000	38	14.1	521	44	19.3	657	276	15.9	4,216	260	17.3	4,008
$25,000 to $100,000	114	42.4	6,395	103	45.2	5,458	779	44.9	45,576	752	50.1	41,052
$100,000 to $1,000,000	107	39.8	29,519	77	33.8	18,472	624	36.0	154,762	459	30.6	110,568
$1,000,000 and Over	8	3.0	86,303	3	1.3	31,377	53	3.1	370,644	19	1.3	55,211
CONSTRUCTION	115	100.0	24,798	99	100.0	21,733	730	100.0	154,889	594	100.0	114,574
Under $5,000	-	--	--	--	--	--	4	0.5	15	7	1.2	25
$5,000 to $25,000	17	15.0	217	14	14.1	207	89	12.2	1,332	88	14.8	1,399
$25,000 to $100,000	35	31.0	1,969	39	38.4	1,894	276	37.8	15,169	243	40.9	13,699
$100,000 to $1,000,000	57	50.5	16,501	45	45.5	13,506	334	45.8	90,590	241	40.4	67,095
$1,000,000 and Over	4	3.5	6,111	2	2.0	6,126	27	3.7	47,786	16	2.7	32,346
COMMERCIAL SERVICE	62	100.0	27,610	62	100.0	42,981	458	100.0	170,151	420	100.0	135,000
Under $5,000	1	1.6	4	--	--	--	9	1.7	23	10	2.6	43
$5,000 to $25,000	11	17.7	156	16	25.8	242	94	20.5	1,366	75	17.9	1,071
$25,000 to $100,000	24	38.7	1,551	24	38.7	1,195	167	36.5	8,907	150	37.6	8,599
$100,000 to $1,000,000	21	33.9	6,054	18	29.0	5,177	169	36.7	46,599	159	37.8	42,962
$1,000,000 and Over	5	8.1	20,085	4	6.5	36,369	21	4.6	113,446	18	4.3	140,625
TOTAL UNITED STATES	602	100.0	273,171	519	100.0	178,839	3,983	100.1	1,265,454	3,425	100.0	1,239,958
Under $5,000	4	0.7	10	1	0.2	5	40	1.0	112	29	0.9	114
$5,000 to $25,000	76	12.6	1,066	90	17.3	1,360	551	13.8	8,066	501	14.6	7,691
$25,000 to $100,000	227	37.7	12,319	210	40.5	10,982	1,538	38.6	85,013	1,466	42.8	81,212
$100,000 to $1,000,000	260	43.2	74,717	195	37.6	53,720	1,655	41.6	652,941	1,282	37.4	545,524
$1,000,000 and Over	35	5.8	184,659	23	4.4	112,794	199	5.0	717,322	147	4.3	805,417

FAILURES BY FEDERAL RESERVE DISTRICTS BY DIVISIONS OF INDUSTRY...JUNE 1979
(Liabilities in Thousands of Dollars)

FEDERAL RESERVE DISTRICTS BY INDUSTRY GROUP	MANUFACTURING		WHOLESALE TRADE		RETAIL TRADE		CONSTRUCTION		COMM. SERVICE		U. S. TOTAL	
	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.
BOSTON	4	606	4	778	18	4,644	9	1,264	5	3,575	40	10,867
NEW YORK	21	7,600	8	2,987	27	3,598	6	569	6	6,367	58	20,710
PHILADELPHIA	10	13,557	5	508	14	1,621	15	3,297	2	260	46	19,243
CLEVELAND	6	4,521	2	447	18	3,995	5	926	2	67	33	9,956
RICHMOND	7	916	4	2,171	17	171	12	1,085	2	703	42	4,646
ATLANTA	4	6,284	4	959	16	3,218	5	537	5	11,434	34	22,432
CHICAGO	12	1,542	6	1,176	39	6,293	16	2,260	12	1,205	85	12,476
ST. LOUIS	3	2,858	2	1,007	18	2,269	2	79	--	--	25	6,193
MINNEAPOLIS	3	1,442	3	209	19	4,556	6	1,201	2	113	33	7,499
KANSAS CITY	3	4,776	5	426	12	4,651	7	3,996	1	14	28	13,845
DALLAS	10	2,547	6	2,180	19	78,749	6	1,791	8	509	49	85,756
SAN FRANCISCO	18	28,711	18	11,890	52	7,220	24	8,013	17	3,774	129	59,568
TOTAL UNITED STATES	91	75,340	67	24,680	269	120,743	113	24,798	62	27,610	602	273,171

Copyright © Dun & Bradstreet 1979